

137 Loan Term and Payment Schedules

E**Loan Note
Guaranteed
Balloon
Payments**

Under special circumstances balloon payments are authorized for new operating loan guarantees (OL-G). Repayment should be for the shortest time *--period necessary and still provide for a feasible plan--*.

However, in no instances will an amortization factor of greater than fifteen years be utilized with balloon on OL-G's.

For farm ownership guarantees (FO-G's) the minimum repayment period with a balloon should be at least 10 years.

Promissory notes, which contain a balloon payment, may be rescheduled in accordance with Part 12 of 2-FLP if the rescheduling request is received prior to the maturity date of the loan. If the loan and guarantee has matured before receiving a request for restructuring then a new loan request, a new guarantee, and a new fee may be needed.

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